North Canadian Oils Limited

ANNUAL REPORT • 1957

HEAD OFFICE
NORTH CANADIAN OILS LIMITED

North Canadian Oils Limited

ANNUAL REPORT • 1957

OFFICERS

FRANK E. RUBEN, PRESIDENT AND MANAGING DIRECTOR

PERCIVAL J. TIMMS, VICE-PRESIDENT

FRANK C. FINN, SECRETARY-TREASURER

DIRECTORS

FRANK E. RUBEN, *Calgary, Alberta*

FRANK C. FINN, *Calgary, Alberta*

H. B. GRIFFITH, *Montreal, Quebec*

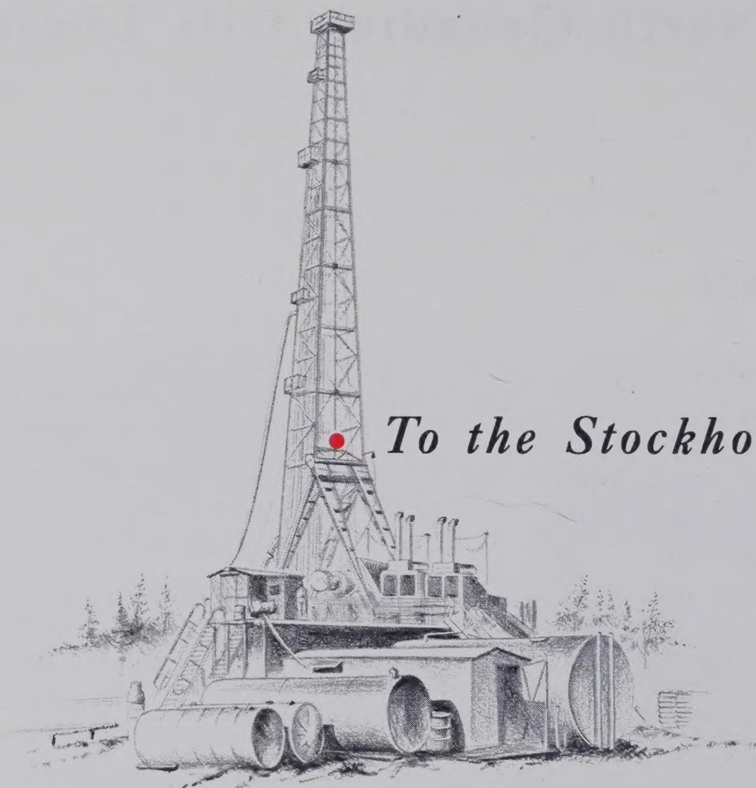
PERCIVAL J. TIMMS, *Calgary, Alberta*

C. P. HOTCHKISS, *Toronto, Ontario*

DONALD G. ROSS, *Toronto, Ontario*

REGISTERED OFFICE

640 SEVENTH AVENUE SOUTHWEST, *Calgary, Alberta*



To the Stockholders

The past fiscal year was a most significant one for North Canadian Oils Limited and we are pleased to present this report for the twelve months ended March 31, 1957. Two important undertakings — the pulp mill at Hinton, Alberta, in which your Company and the St. Regis Paper Company each has a 50% interest, and the 136-mile 10-inch gas pipeline which is wholly-owned — now have been completed and North Canadian Oils is on the threshold of a period of rapidly rising revenues.

Subsequently in this report separate sections are included which give considerable detail on both the pulp mill and the pipeline. The former did not go into production until April 1957 and consequently made no contribution to last year's earnings. The pipeline was completed on October 1, 1956 and, while some deliveries of gas were made in the final six months of fiscal 1957, primarily for space heating at the mill during the winter months, its contribution to income was modest for the entire year.

Your attention is directed to the income account appearing on Page 16. Gross Income was $495,944 compared with $300,924 in 1956, and the deficit for the year was $382,849 as against $310,436 the previous year. It should be noted, however, that interest charges and amortization on the debt created to finance your Company's interests in the pulp mill and pipeline amounted to $370,167. Furthermore, non-cash charges for depreciation and amortization of development costs amounted to $194,885 for the year. If the non-cash items and the interest charges were excluded the cash income would have been $182,203.

As the construction of the pulp mill progressed it became obvious that additional funds would be required to complete this undertaking. A portion of such increase was due to a rise in the costs of material and labor but more importantly it was occasioned by a decision to include in the initial construction adequate facilities in certain sections of the plant to permit doubling the present capacity. Also it was found necessary to construct various logging roads and bush camps not included in the original estimates and a considerable amount of overtime costs were incurred to hasten completion. For these reasons your Company was called upon to subscribe an additional $4,500,000 as its one-half share of this extra cost. Of this amount $2,500,000 was raised in 1956 through the sale of additional North Canadian Oils Limited preferred and common shares as detailed in the accompanying balance sheet and the remainder was provided through a bank loan obtained subsequent to March 31, 1957.

Now that the pulp mill and the pipeline are completed and in operation your Management is laying plans for future expansion in three directions:

1. Possible extension of the pipeline an additional 47 miles to service the Town of Jasper and a large oil pipeline pumping station.
2. Initiation of a program of drilling oil wells on proven acreage.
3. Expansion of the pulp mill.

Your Company is now supplying gas to the pumping station of the Trans Mountain Oil Pipe Line at Edson, Alberta. This line runs to the Pacific Coast 900 miles distant and Trans Mountain has installed at Jasper another pumping station which is the largest on its line. We are negotiating with Trans Mountain to serve this pumping station and also with Northwestern Utilities who propose to distribute gas in the Town of Jasper. At this point it would appear that a decision may be reached on this extension at an early date.

A substantial cash income will begin to accrue this year from the operation of the pipeline. Having regard to the fact that money expended for oil and gas exploration and development is deductible from our income for taxation purposes it is highly desirable for the Company to engage in an oil development program. The Governments of Alberta and Saskatchewan hold large blocks of acreage in Crown Reserves which are offered for sale by tender in parcels of 160 acres or more. In Alberta bids are made on a cash bonus basis, while in Saskatchewan they are made on either a cash bonus or royalty basis. In the latter alternative the successful bidder takes all of the oil production until the costs of the well or wells have been recovered, after which the larger percentage of the net return goes to the Government and the smaller percentage to the operator. We believe it would be advisable to participate in this royalty method of acquiring oil production. Bank funds are available for this type of development and no appreciable expenditure of Company funds, which might impair our liquid position, would be necessary.

The "Alberta Hi-Brite Pulp", produced at the Mill at Hinton is a high grade bleached sulphate pulp for which there is a strong demand. The entire output has been sold under contracts of from one to five years. North Western Pulp & Power Ltd., the operator of the mill and jointly owned by ourselves and St. Regis Paper, owns one of the largest contiguous forest reservations in

North America of which roughly one-half is being held in reserve for future expansion. Your management believes that the present plant will be enlarged eventually to take advantage of the full extent of the regrowth of the trees in the forested area. In this connection it should be borne in mind that it takes 18 to 24 months to complete a major expansion of this nature and that plans would have to be finalized well in advance of the actual demand for the product in order that engineering could be completed and heavy equipment ordered.

It is obvious from the foregoing comments that your Management is not content to rest on the accomplishments already achieved. On the contrary we feel the opportunities for future growth and expansion along the lines discussed above open up new and promising potentials for increasing book values and earning power. The 1958 fiscal year will see the first substantial direct flow of earnings from the ventures previously undertaken and we feel confident that even greater rewards lie ahead.

Your Company now has over 12,000 stockholders and we would like to take this opportunity to extend a welcome to those of you who have acquired your interest subsequent to the publication of our last annual report. We appreciate the loyal support of our family of stockholders and express our gratitude for the devotion to duty of our entire staff of employees.

Respectfully submitted on behalf of the Board,

President.

Calgary, Alberta,
June 15, 1957.

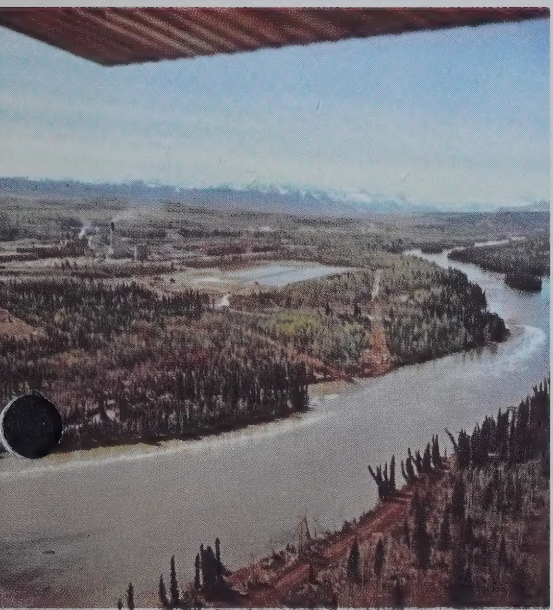
Giant crane piling pulpwood in the wood yard.

Below: Looking north-west at the mill with the administration building in the foreground.

NORTHWESTERN PULP AND POWER LIMITED

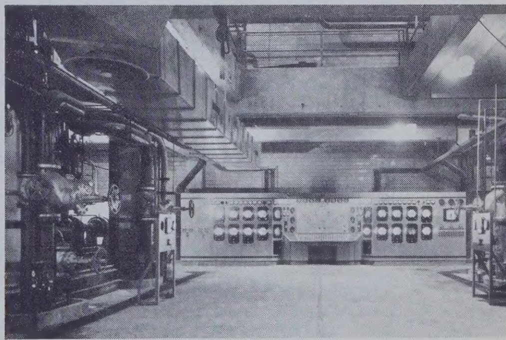
North Canadian Oils Limited owns 50 per cent of the Class A stock of North Western Pulp and Power Limited, with the remaining 50 per cent being owned by St. Regis Paper Company of Canada Ltd., a wholly-owned subsidiary of St. Regis Paper Company. North Western Pulp and Power completed the first pulp mill in Alberta in April of this year. It is located on the Athabasca River, twenty miles east of Jasper National Park.

North Western has leased roughly 2,000,000 acres of woodlands from the Province of Alberta and holds in reserve an additional 2,000,000 acres for anticipated future expansion. The Company has instituted intensive growth studies and has employed the most modern techniques in planning for the perpetuation and conservation of this vast area. With the acreage in reserve, there is ample timber to supply more than twice the requirements of the present mill capacity. The standing timber is largely lodgepole pine and spruce, both of which produce the long staple fibres necessary in the production of highest quality pulp.



Looking south-west across the Athabasca River at the pulp mill.

Loading finished baled pulp into box cars for shipment to market.



The master control panel for the digesters.

Pulpwood cut and stacked in the forest ready to be hauled to the mill.

Looking north-east at the pulp mill and wood pile.

The pulp mill utilizes the Kamyr continuous cooking process, perfected by Kamyr Inc. of Sweden after fifteen years of research, engineering and pilot plant testing. This process embodies a continuous feed of raw wood chips into the digesters and "cooked" pulp out. Two digesting units have been installed at the Hinton Mill, each of which is 95 feet high and 13 feet in diameter and has a volume of 10,800 cubic feet. They have a rated production capacity of 250 tons every twenty-four hours and are the largest in use anywhere in the world.

The bleach plant at the mill has a rated bleached stock output of approximately 430 tons per day. A chlorine-dioxide method of bleaching is employed with which there is minimum degradation to the wood fibers. After passing through the digesters, bleach plant, washers and screeners, the stock is dried in the form of a mat which is cut, baled and shipped to the customer by Canadian National Railways, which directly serves the mill. The Minton Vacuum Drier used at Hinton has 66 dryers, probably the greatest number ever built into one unit.

North Western believes that its pulp — known as ALBERTA HI-BRITE — is the whitest and strongest made. St. Regis Paper, the third largest paper company in the world, controls and sells the pulp production and one to five year contracts have been arranged for the disposal of the entire output.

The initial rated capacity of the mill is 150,000 tons per annum. In its construction plans, provision was made for future plan expansion increasing the output to 300,000 tons per annum. Certain of the wood-handling equipment, for instance, will handle twice the present capacity and one of the main walls of the machine room is removable to facilitate the installation of the required additional equipment. The decision when to increase the capacity will not be made until the operation has been tested over an adequate period of time and until ALBERTA HI-BRITE PULP has established its quality and acceptance in the market. Both North Canadian Oils and St. Regis Paper are anxious to come to a decision on this matter at the earliest possible date as 18 to 24 months must necessarily elapse between the time that the plans are drawn and the construction completed.

During the start up period, the production consisted primarily of unbleached pulp. However, conversion to bleached pulp has now been completed and the mill is in full operation.

A newer, higher standard
for whiteness, cleanliness, strength, opacity
and forming properties—
Alberta Hi-Brite Bleached Kraft Pulp.
Now in production.

KRAFT DIVISION
St.Regis PAPER COMPANY
150 EAST 42ND STREET NEW YORK 17, N. Y.

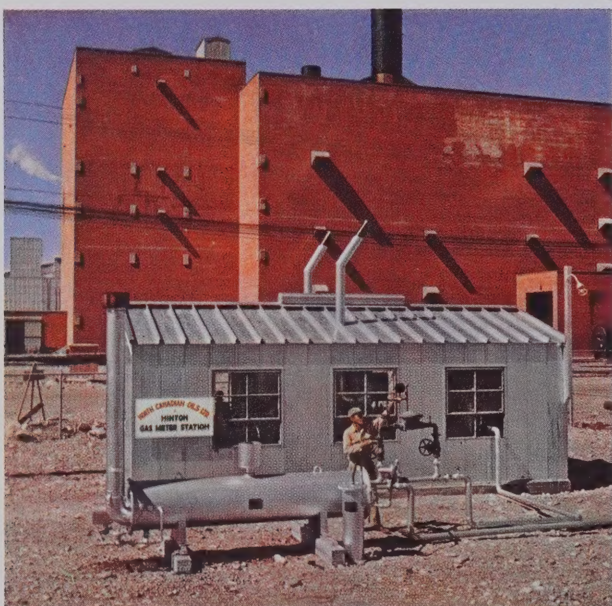
A typical advertisement appearing in leading pulp industry journals

Loading a truck, hauling pulpwood to the mill.

PIPE LINE

Above: *The North Wabamun meter station at the start of our pipeline showing valve assembly and odorizer.*

Below: *Our pipeline right-of-way snaking through a stand of pulpwood.*



The gas meter station for the pulp mill.

The Trans-Mountain Edson pump station which is operated on gas from our line.

The 136 mile, 10-inch natural gas pipe line owned by North Canadian Oils Limited and running from Wabamun west to Hinton, is assuming increasing importance in the future development of the Company. This pipe line was constructed in order to permit North Canadian Oils to fulfill its obligation to furnish fuel to the pulp mill at Hinton. Construction was completed on October 1, 1956, and small amounts of gas were delivered to North Western Pulp and Power during the past winter months for space heating.

The contract with North Western Pulp and Power calls for deliveries of a minimum of 7,000,000 cubic feet per day at 41 cents per 1,000 cubic feet and North Canadian Oils has entered into a twenty-year contract with Mid-Western Industrial Gas Ltd., to purchase from it a minimum of 7,000,000 cubic feet per day, with the right to take up to 14,000,000 cubic feet, at prices of 10½ cents for the first 8,000,000 cubic feet and 12 cents on the excess.

The expansion possibilities in the pipe line are not restricted solely to the developments at the mill site. During the summer months, all of the towns along the right-of-way, will be connected to the line, and gas is already being supplied to the Edson pumping station of the Trans Mountain Oil Pipe Line Ltd. This latter company has installed another pumping station at Jasper, which is the largest on its line. North Canadian Oils is now negotiating with Trans Mountain to extend its line to serve this pumping station and with Northwestern Utilities who propose to distribute gas in the town of Jasper. If these negotiations are successfully concluded, outlets would be obtained for the sale of at least 2,000,000 cubic feet of additional gas.

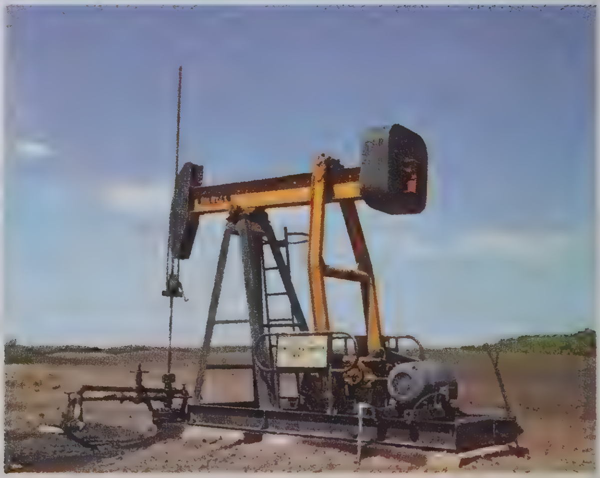
Another possibility for the expansion of the throughput of the pipe line would be the discovery of a large gas field adjacent to its western end. A field in this area would normally be beyond the economic range to serve present markets if a new line had to be constructed, but the flow of our line could be reversed and then this gas would be available for the ever growing markets in the Edmonton area. A gas discovery such as this is quite possible, as several wells drilled in the general area have made gas discoveries and with the intense exploration program being carried on in the vicinity of the line, it would appear to be only a matter of time till this occurs.

The importance of the pipe line to North Canadian Oils primarily lies in the fact that it is 100 per cent owned and, therefore, is part of the Company's oil and gas operations. As stated previously in this report in the President's Letter to the Stockholders, money expended for oil and gas development is deductible from income for taxation purposes, and it is highly desirable to use the large cash income that will be derived from the operation of the pipe line to engage in an oil development program.

It is estimated that the net income from the operation of the pipe line, before depreciation, will exceed $1,000,000 annually on a throughput of 10,000,000 cubic feet per day which should be attained and exceeded before the end of this year. If a favorable decision is reached on expanding the pulp mill capacity at an early date, a substantially greater revenue would be received and a gradual expansion in the throughput is to be expected from normal growth in the area.

OIL

The Company's Armena No. 3 Battery with treater and oil storage tanks.



Discovery well of the Armena field

Drilling operations under winter conditions at one of the Company's leases.

The Armena No. 2 Battery serving four of the Company's wells.

AND GAS OPERATIONS

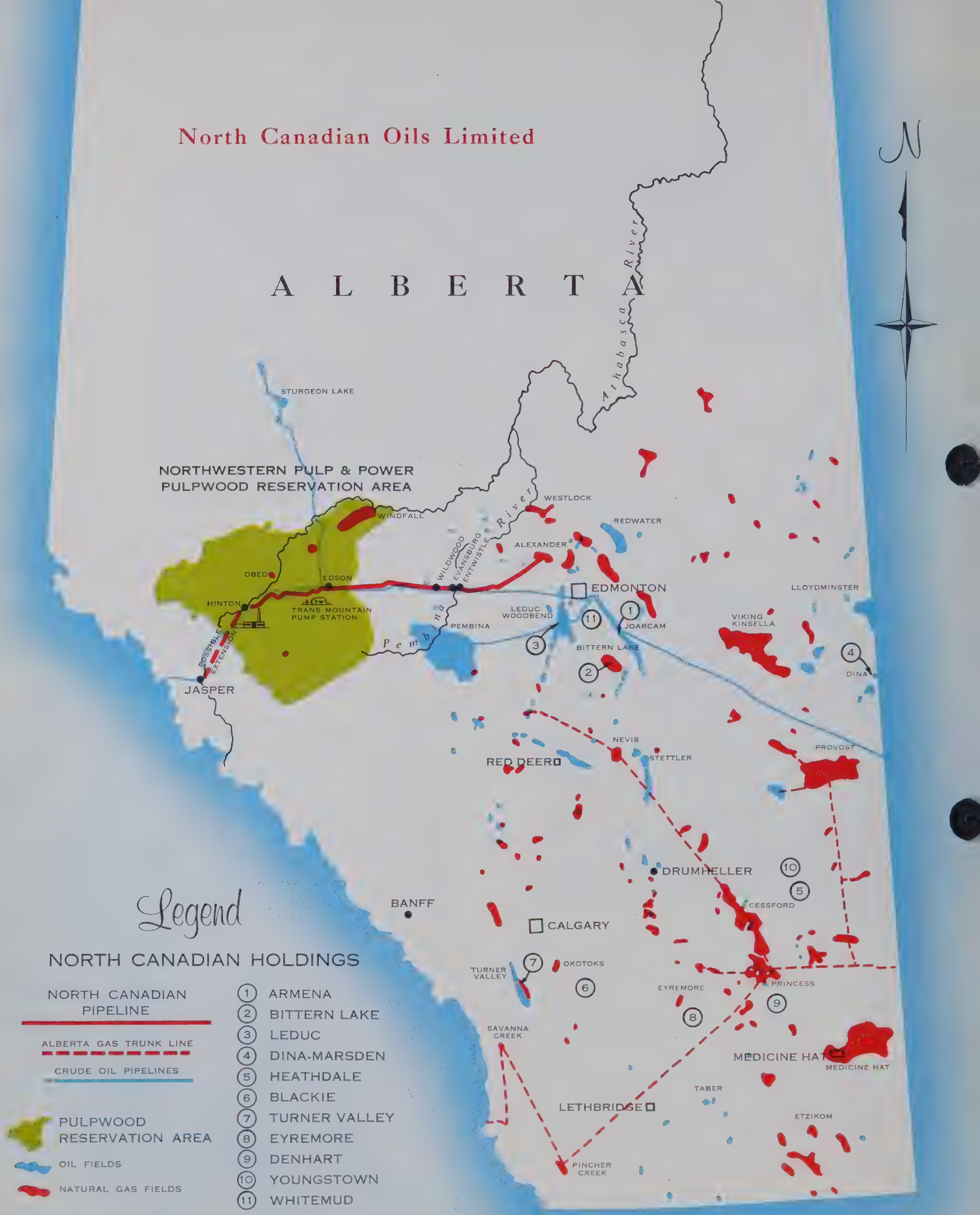
In the earlier years of its corporate existence, North Canadian Oils Limited was engaged primarily in the search for oil and gas in Western Canada. Considerable success was experienced in these efforts and the Company participated in the drilling of the discovery well of the Armena field. Several years ago, the opportunity was presented to utilize the Company's assets in the development of the timber reservation it had obtained in 1953 through the construction of the pulp mill previously described, and the building of the natural gas supply line from Wabamun. The management of North Canadian Oils felt that greater immediate earning power and asset value could be obtained for the stockholders by following these lines of activity than in the continued use of the Company's rather limited resources in oil and gas exploration. These two projects have been successfully completed and North Canadian is now planning to resume its oil and gas development program to build up its income from this source.

As a result of earlier successes, North Canadian Oils now owns varying interests in 26 producing wells of which 18 are in the Armena field. The Company's share of the net production from these wells in the twelve months ended March 31, 1957, amounted to 100,000 barrels having a value of $226,000.00. In addition to this producing acreage, the Company owns approximately 17,700 net acres of exploratory lands with the locations of these holdings being indicated on the accompanying map.

In the past this Company in its oil activities has relied for technical assistance on petroleum consulting firms or on participating with a partner who supervised and operated the geological, engineering and production programs. North Canadian is now taking steps to build up its own organization for each of these departments because it is felt that this will provide for a more efficient and better coordinated operation, which will assure the best results for any monies expended.

The Company plans to confine its efforts to development locations in the prolific producing areas of Alberta and South Eastern Saskatchewan until its oil income is sufficiently large to merit exploratory drilling. It is planned that the development program will be sufficiently expanded by the 1958 fiscal year that the monies expended on it will offset the taxes payable on the Company's petroleum and pipeline revenues.

As the cash income from the pipe line is used to acquire interests in proven oil reserves, additional revenues from oil production will be obtained and the net assets of the Company will be increased. Through such a program, North Canadian Oils will be able to add regularly to the earning power and book value of the common stock.


North Canadian Oils Limited
N
ALBERTA
Athabasca River
STURGEON LAKE
NORTHWESTERN PULP & POWER
PULPWOOD RESERVATION AREA
WINDFALL
WESTLOCK
REDWATER
ALEXANDER
River
WILDWOOD
EVANSBURG
ENTWISTLE
OBED
EDSON
HINTON
TRANS MOUNTAIN
PUMP STATION
EDMONTON
LLOYDMINSTER
LEDUC-
WOODBEND
JOARCAM
VIKING
KINSELLA
PEMBINA
Pembina
BITTERN LAKE
POSSIBLE EXTENSION
JASPER
DINA
NEVIS
STETTLER
PROVOST
RED DEER
DRUMHELLER
CESSFORD
BANFF
CALGARY
TURNER VALLEY
OKOTOKS
EYREMORE
PRINCESS
SAVANNA CREEK
MEDICINE HAT
TABER
LETHBRIDGE
ETZIKOM
PINCHER CREEK
Legend
NORTH CANADIAN HOLDINGS
NORTH CANADIAN PIPELINE
ALBERTA GAS TRUNK LINE
CRUDE OIL PIPELINES
PULPWOOD RESERVATION AREA
OIL FIELDS
NATURAL GAS FIELDS
1 ARMENA
2 BITTERN LAKE
3 LEDUC
4 DINA-MARSDEN
5 HEATHDALE
6 BLACKIE
7 TURNER VALLEY
8 EYREMORE
9 DENHART
10 YOUNGSTOWN
11 WHITEMUD

Financial Statements

AUDITORS' REPORT

We have examined the balance sheet of North Canadian Oils Limited as at March 31, 1957 and the related statements of capital surplus, deficit and operations for the year ended on that date, and have received all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards and included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The loss sustained by Bryan Mountain Coal Company Limited, a wholly owned subsidiary, for the year ended March 31, 1957 in the amount of $28,550.09 (exclusive of depreciation and development amortization) has not been provided for in the accounts of the parent company.

Subject to the foregoing and the notes attached hereto, the accompanying balance sheet and related statements of capital surplus, deficit and operations are, in our opinion properly drawn up so as to present fairly the state of the affairs of the company as at March 31, 1957 and of the results of its operations for the year then ended according to the best of our information and the explanations given us and as shown by the books of the company.

ROSS, NEWBORN & CO.,
CHARTERED ACCOUNTANTS.

CALGARY, Alberta
May 6, 1957

North Canadian Oils Limited CALGARY, ALBERTA

ASSETS

CURRENT			
Cash on hand and in bank			$ 187,955.36
Trade accounts receivable			164,525.82
Accrued interest receivable			51,712.32
Prepaid expense			12,111.19
Refundable deposits			5,685.00
			$ 421,989.69
INVESTMENT IN AND ADVANCES TO WHOLLY OWNED SUBSIDIARY (Note 1)			1,675,406.28
INVESTMENTS (Note 2)			8,890,814.97
FIXED AT COST			
Real estate		$ 78,983.11	
Equities in leases and reservations	$ 333,564.89		
Development	602,794.41		
	$ 936,359.30		
Less amount amortized	330,703.98	605,655.32	
Building, machinery and equipment	$1,017,328.77		
Less accumulated depreciation	286,375.14	730,953.63	
Pipeline and equipment	$4,131,430.33		
Less accumulated depreciation	125,046.44	4,006,383.89	5,421,975.95
OTHER			
Discount on bonds less amount written off			500,010.97
			$16,910,197.86

Approved on behalf of the board,

Frank E. V. Tehen Director.

Director.

The notes attached hereto applicable to

Balance Sheet . . . . AS AT MARCH 31, 1957

LIABILITIES AND CAPITAL

CURRENT LIABILITIES			
Trade accounts payable			$ 68,113.71
Accrued bond interest			57,855.19
Notes payable		$ 160,000.00	
Accrued interest thereon		1,491.78	161,491.78
Deferred credits			2,872.50
			$ 290,333.18
FUNDED INDEBTEDNESS (Note 3)			
$3,500,000.00 5% general mortgage sinking fund bonds to mature June 1, 1975		$3,500,000.00	
$4,000,000.00 4½% first mortgage sinking fund bonds to mature April 1, 1975		4,000,000,00	
Due on building acquisition		400,000.00	7,900,000.00
CAPITAL AND SURPLUS			
Capital (Note 4)			
Authorized			
70,000 — 5½% cumulative redeemable preferred shares par value $50.00 per share			
7,500,000 common shares par value $.25 per share			
Issued and fully paid			
70,000 preferred shares		$3,500,000.00	
5,089,936 common shares		1,272,484.00	
		$4,772,484.00	
Capital surplus (Exhibit 1)	$4,954,329.83		
Deficit (Exhibit 2)	1,006,949.15	3,947,380.68	8,719,864.68
COMMITMENTS (Note 5)			
			$16,910,197.86

ve statement are an integral part thereof.

EXHIBIT 1

Statement of Capital Surplus

FOR THE YEAR ENDED MARCH 31, 1957

Balance, March 31, 1956		$3,419,172.33
Add:		
Premium on sale of 228,000 shares par value $.25 per share at $5.263 per share	$1,143,000.00	
Premium on sale of 110,000 shares par value $.25 per share sold in conjunction with 20,000 — 5½% cumulative redeemable shares for a total consideration of $1,282,000.00	254,500.00	
Premium on sale of 50,000 shares par value $.25 per share to F. E. Ruben as per option agreement at $3.00 per share	137,500.00	
Premium on conversion of share warrants	157.50	1,535,157.50
Balance March 31, 1957		$4,954,329.83

EXHIBIT 2

Statement of Operations and Deficit

FOR THE YEAR ENDED MARCH 31, 1957

Income:		
Proceeds from sale of petroleum products		
Crude oil sales — Armena	$208,005.67	
Dina	18,608.53	$ 226,614.20
Natural gas — pipeline operations		181,712.41
		$ 408,326.61
Other income:		
Interest earned on investments		72,494.12
Administration, rental and miscellaneous income		15,122.82
		$ 495,943.55

Statement of Operations and Deficit (CONTINUED)

Operating expense:			
Well operating costs and royalties			
Armena	$ 75,367.34		
Dina	14,240.99	$ 89,608.33	
Pipeline operations		24,490.96	
Gas purchases		26,936.56	141,035.85
			$ 354,907.70
Administration and general expense			
Management and office salaries		$ 53,818.45	
Toronto office expense		5,631.74	
Travel		7,235.05	
Legal and audit		31,896.28	
Advertising and public relations		17,980.80	
Rent		10,110.00	
Bond trustees and transfer agents fees		13,289.87	
Office operations		19,251.08	
General		13,491.18	172,704.45
Profit for the year before providing for the following			$ 182,203.25
Financial expense			
Bank charges and note interest	$ 2,264.90		
Bond interest — net	340,205.49		
Bond discount amortized	27,697.36	$370,167.75	
Provision for depreciation and development amortization			
Provision for depreciation			
Production equipment	$ 16,046.35		
Pipeline	125,046.44		
Other equipment	6,731.45		
Office building	2,805.22	150,629.46	
Development amortization		44,255.60	565,052.81
Loss for the year			$ 382,849.56
Add unproductive development written off			5,364.13
			$ 388,213.69
Deficit as at March 31, 1956			618,735.46
Deficit as at March 31, 1957			$1,006,949.15

The notes attached hereto applicable to the above statement are an integral part thereof.

Notes to Financial Statements

AS AT MARCH 31, 1957

1. Investment in and advances to wholly owned subsidiary (Bryan Mountain Coal Company Limited)

An analysis of this account is as follows:

Investment in shares	$1,259,657.60
Note receivable	350,342.40
Cash advances	65,406.28
Total	$1,675,406.28

2. Investments

A summary of investments owned is as follows:

Name	Class	Par value or No. of shares	Cost
North Western Pulp & Power Limited	Common — no par value	100,000	$1,390,000.00
	Class A — par value $100.00 per share	50,000	5,000,000.00
	5% —10 year subordinate debenture	$2,500,000.00	2,500,000.00
			$8,890,000.00
New Pacific Coal & Oils Limited	Preferred — par value $100.00 per share	45	813.97
*North Pacific Exploration Limited	Common — par value $.25 per share	890,000	1.00
			$8,890,814.97

*Valued at nominal value of $1.00

3. Funded Indebtedness

Subsequent to the date of the attached balance sheet the company has assumed the liability on a twenty year mortgage in the amount of $400,000.00 bearing interest at 6% per annum. The proceeds of this mortgage retired the liability shown on the balance sheet as "Due on Building Acquisition". This has been done in accordance with the terms of the agreement under which the company had previously committed itself to purchase an office building.

4. Capital

An analysis of changes in share capital for the year ended March 31, 1957 is as follows:

Preferred — par value $50.00 per share	No. of Shares	Amount
Balance March 31, 1956	50,000	$2,500,000.00
Issued during year for cash	20,000	1,000,000.00
Balance March 31, 1957	70,000	$3,500.000.00

Common — par value $.25 per share	No. of Shares	Amount
Balance March 31, 1956	4,701,906	$1,175,476.50
Issued during year for cash	388,030	97,007.50
Balance March 31, 1957	5,089,936	$1,272,484.00

The excess of selling price of the 338,030 shares sold during the year over par value of $.25 per share in the amount of $1,535,157.50 has been credited to capital surplus.

During the year ended March 31, 1957, F. E. Ruben exercised his option with respect to 50,000 shares par value $.25 per share, at $3.00 per share; and 30 share warrants were converted to common shares, par value $.25 per share at a rate of $5.50 per share.

An analysis of outstanding share warrants is as follows:

Balance March 31, 1956	165,000
Less converted	30
	164,970
Add stock purchase warrants outstanding under terms of underwriting agreement dated October 23, 1956	65,000
Total shares reserved for exercise of stock purchase warrant conversion	229,970

Each stock purchase warrant to be exchanged for one share of treasury stock par value $.25 per share at the following price:

	Price per share
If exercised on or before June 1, 1960	$5.50
If exercised on or before June 1, 1965 (at which date right to purchase shall terminate)	7.50

5. Commitment

Under the terms of an agreement dated November 28, 1956 North Canadian Oils Limited is committed to purchase an additional $2,000,000.00 — 10 year 5% subordinate debentures of North Western Pulp & Power Limited on July 1, 1957.

6. Depreciation has been provided at maximum rates as allowed under terms of the Canadian Income Tax Act for a full year on all depreciable assets, with the exception of the pipeline and office building. Depreciation has been provided on such assets for that period of time that they were in operation, being six months and one month respectively.

AUTHORIZED CAPITAL

7,500,000 Common Shares Having a Par Value of Twenty-five Cents Per Share

Issued: 5,089,936 Shares Plus 229,970 Share Purchase Warrants

70,000 Preferred Shares Having Par Value of $50.00 Per Share

Issued: 70,000 Shares

COMMON SHARE REGISTRARS

Prudential Trust Company Limited, *Calgary, Alberta*

Registrar and Transfer Company, *Jersey City, New Jersey, U.S.A.*

COMMON SHARE TRANSFER AGENTS

Prudential Trust Company Limited, *Calgary and Toronto*

PREFERRED SHARE REGISTRAR AND TRANSFER AGENTS

Prudential Trust Company Limited, *Calgary, Alberta, and Toronto, Ontario*

COMMON SHARES LISTED

Calgary Stock Exchange

Toronto Stock Exchange and

American Stock Exchange

SHARE WARRANTS LISTED

Toronto Stock Exchange

AUDITORS

Ross, Newborn & Co., *Calgary, Alberta*

North Canadian Oils Limited • CALGARY, ALBERTA

Looking south-west up the Athabasc Valley at the townsite and pulp mill are

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